

**MOTHER'S REFUGE
(a nonprofit organization)**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2011**

MOTHER'S REFUGE
FINANCIAL STATEMENTS

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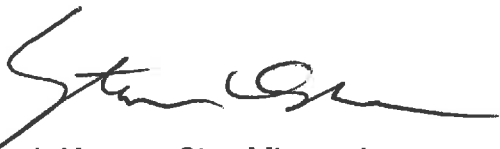
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mother's Refuge

I have audited the accompanying statement of financial position of Mother's Refuge (a nonprofit organization) as of September 30, 2011, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mother's Refuge as of September 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



North Kansas City, Missouri
January 19, 2012

**Mother's Refuge
Statement of Financial Position
September 30, 2011**

Assets

Current Assets:

Cash	\$ 32,070
Grants/contracts receivable	60,015
Prepaid expenses	4,495
Beneficial interest in assets held by Community Foundation	<u>86,267</u>
Total Current Assets	182,847

Property and equipment, net of accumulated depreciation of \$75,519	30,785
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Other Assets:

Beneficial interest in assets held by Community Foundation	<u>7,863</u>
Total Assets	<u><u>\$ 221,495</u></u>

**Mother's Refuge
Statement of Financial Position
September 30, 2011**

Liabilities and Net Assets

Current Liabilities:	
Accounts payable	\$ 201
Accrued expenses	<u>20,621</u>
Total Current Liabilities	<u>20,822</u>
Total Liabilities	<u>20,822</u>
Net Assets:	
Undesignated	155,583
Board designated endowment	<u>7,863</u>
Total Unrestricted Net Assets	163,446
Temporarily restricted	<u>37,227</u>
Total Net Assets	<u>200,673</u>
Total Liabilities and Net Assets	<u>\$ 221,495</u>

**Mother's Refuge
Statement of Activities
For the Year Ended September 30, 2011**

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributions, grants and other support	\$ 361,105	\$ 58,617	\$ 419,722
Net gains on beneficial interest in Community Foundation, net of \$1,107 fees	544	-	544
Net assets released from restrictions	<u>68,469</u>	<u>(68,469)</u>	<u>-</u>
 Total Revenues and Other Support	 <u>430,118</u>	 <u>(9,852)</u>	 <u>420,266</u>
Expenses:			
Program services	<u>395,391</u>	<u>-</u>	<u>395,391</u>
Supporting Services:			
Management and general	35,368	-	35,368
Fundraising	<u>30,921</u>	<u>-</u>	<u>30,921</u>
Total Supporting Services	<u>66,289</u>	<u>-</u>	<u>66,289</u>
 Total Expenses	 <u>461,680</u>	 <u>-</u>	 <u>461,680</u>
 Change in net assets	 (31,562)	 (9,852)	 (41,414)
 Net assets, beginning of year	 <u>195,008</u>	 <u>47,079</u>	 <u>242,087</u>
 Net assets, end of year	 <u>\$ 163,446</u>	 <u>\$ 37,227</u>	 <u>\$ 200,673</u>

The accompanying notes are an integral part of these financial statements

**Mother's Refuge
Statement of Cash Flows
For the Year Ended September 30, 2011**

Cash Flows From Operating Activities:	
Change in net assets	\$ (41,414)
Adjustments to Reconcile (Decrease) in Net Assets to Net Cash (Used) by Operating Activities:	
Depreciation	7,150
Net Change in Assets and Liabilities	
Grants/contracts receivable	8,262
Prepaid expenses	3,162
Accounts payable and accrued expenses	4,350
Net Cash (Used) by Operating Activities	<u>(18,490)</u>
Cash Flows From Investing Activities:	
Reinvestment of income in beneficial interest in assets held by Community Foundation	(461)
Purchase of property and equipment	<u>(18,004)</u>
Net Cash (Used) in Investing Activities	<u>(18,465)</u>
Net (decrease) in cash and cash equivalents	(36,955)
Cash and Cash Equivalents, Beginning of Year	<u>69,025</u>
Cash and Cash Equivalents, End of Year	<u>\$ 32,070</u>

The accompanying notes are an integral part of these financial statements

Mother's Refuge
Statement of Functional Expenses
For the Year Ended September 30, 2011

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries	\$ 234,223	\$ 15,836	\$ 15,836	\$ 31,672	\$ 265,895
Payroll taxes	17,771	1,461	1,461	2,922	20,693
Total Salaries and Related Expenses	251,994	17,297	17,297	34,594	286,588
Advertising	1,860	150	4,087	4,237	6,097
Auto and travel	11,316	-	-	-	11,316
Employee benefits	4,095	65	65	130	4,225
Food and household supplies	27,552	-	-	-	27,552
HPRP	19,508	-	-	-	19,508
Insurance	15,983	1,338	1,338	2,676	18,659
Miscellaneous	1,292	1,458	23	1,481	2,773
Office expenses	2,542	1,909	227	2,136	4,678
Postage	1,796	392	1,698	2,090	3,886
Printing	-	-	3,738	3,738	3,738
Professional fees	850	9,485	-	9,485	10,335
Rent	24,904	1,468	1,468	2,936	27,840
Repairs and maintenance	5,648	-	-	-	5,648
Seminars and training	3,355	568	-	568	3,923
Taxes and licenses	1,601	80	-	80	1,681
Utilities and telephone	14,809	637	637	1,274	16,083
Total expenses before depreciation	389,105	34,847	30,578	65,425	454,530
Depreciation	6,286	521	343	864	7,150
Total Expenses	\$ 395,391	\$ 35,368	\$ 30,921	\$ 66,289	\$ 461,680

The accompanying notes are an integral part of these financial statements

Mother's Refuge
Notes to Financial Statements
September 30, 2011

Note A - Summary of Significant Accounting Policies

Organization

Mother's Refuge (the Organization), which is located in Independence, Missouri, was formed in 1987. The Organization's mission is to shelter and educate homeless pregnant and parenting young women by providing comprehensive services that empower them to make successful life decisions for themselves and their babies. The Program is primarily funded through grants from private foundations and government agencies, as well as donations from individuals and organizations.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions whose restrictions are met in the same reporting period are shown as unrestricted contributions.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers cash on hand and cash in operating bank accounts to be cash and cash equivalents.

Beneficial Interest in Assets Held by Community Foundation

Beneficial interest in assets held by Community Foundation is stated at the value provided to the Organization by the Truman Heartland Community Foundation.

Property and Equipment

Property and equipment are carried at cost. Donated items are carried at fair market value at time of donation. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided for using the straight-line method over the respective useful lives of the respective assets.

Leasehold improvements	10 years
Furniture, fixtures & equipment	5-10 years
Automobiles	5 years

Maintenance and repairs are charged to expense when paid. Major renewals and betterments are capitalized. When property or equipment is sold or retired, the related cost and accumulated depreciation are removed from accounts and any gain or loss is included in revenue or expenses.

Income Taxes

No provision for income taxes is included in the Statement of Activities since the Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. There was no unrelated business income for the year ended September 30, 2011.

Mother's Refuge
Notes to Financial Statements
September 30, 2011

Note A - Summary of Significant Accounting Policies (Continued)

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as assets for the year ended September 30, 2011.

The Organization files form 990 in the federal jurisdiction. The organization is not at the present time under examination by any taxing authority. Effectively, all years for federal and state income examination are closed for any year ended prior to September 30, 2008.

Contributed Services and Goods

Various individuals and organizations have made contributions of their time and products for the benefit of Mother's Refuge. The Organization records contributed services and goods as revenue and assets or expenses if the services or goods create or enhance a non-financial asset or when the contributions are goods and services that would typically need to be purchased by the Organization if such goods and services had not been contributed. During the year ended September 30, 2011 the Organization recognized revenue for \$12,000 of donated supplies and \$18,000 of donated facilities, which were used in its program activities.

Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note B - Property and Equipment

Property and equipment consists of the following at September 30, 2011:

Leasehold improvements	\$ 55,791
Furniture and fixtures	27,519
Office equipment	3,994
Automobiles	19,000
Total property and equipment	<u>106,304</u>
Less accumulated depreciation	(75,519)
Net total	<u>\$ 30,785</u>

Mother's Refuge
Notes to Financial Statements
September 30, 2011

Note B - Property and Equipment (Continued)

The Organization's depreciation expense was \$7,150 for the year ended September 30, 2011.

Note C - Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2011 consists of the following:

Restricted as to Use:

Assimilated money program	\$ 5,088
Transportation	1,891
Healthy lifestyles for the homeless	23,990
Shed and other	6,258
Total temporarily restricted net assets	<u>\$ 37,227</u>

Note D - Commitments

In September 1998, Metcalf Bank bought the facility in which the Organization is located and donated it to the First Community Development Corporation. On November 9, 1998, the Organization entered into an agreement to lease its facilities from First Community Development Corporation for a term of 5 years. The Organization extended the lease agreement with First Community Development Corporation through November 9, 2016, and provides for annual payments of \$1, plus the Organization's share of property taxes and maintenance costs.

The Organization leased office space under an operating lease which expired July 31 2010, and then month-to-month until the lease was terminated in October 2010. Effective October 15, 2010, the Organization signed a new two year lease agreement for their current location for \$838 per month. Under this lease, future minimum lease payments of \$10,056 are due for the fiscal year ending September 30, 2012.

Note E - Advertising Expense

Mother's Refuge expenses all advertising costs when paid. Advertising expense for the year ended September 30, 2011 is \$6,097.

Note F - Grants/Contracts

As of September 30, 2011 the Organization has Grants/Contracts receivable as follows:

Receivable in less than one year	\$ 60,015
Total Grants/Contracts at September 30, 2011	<u>\$ 60,015</u>

Mother's Refuge
Notes to Financial Statements
September 30, 2011

Note G - Beneficial Interest in Net Assets Held by Community Foundation

The Organization signed an agreement with the Truman Heartland Community Foundation (the Foundation) to establish the Mother's Refuge Fund (the Fund) with two sub funds; the Mother's Refuge Operating Reserve Fund and the Mother's Refuge Endowment Fund, whereby the Organization originally transferred funds in the amount of \$90,100 to the Foundation. The original purpose of the Operating Reserve Fund was to receive assets of the Organization that have been earmarked for short term investment, with the annual net income from the fund to be distributed to the Organization on an as needed basis at the request of Mother's Refuge. The original purpose of the Endowment Fund was to receive assets of the Organization that have been earmarked for long term investment, with the annual net income from the fund to be distributed to the Organization on an as needed basis at the request of Mother's Refuge.

The agreement requires requests for distributions from the Fund may be made upon the Foundation's receipt of the written recommendation of two of the following officers of Mother's Refuge: President, Vice President, Secretary or Treasurer. The agreement further states that the Foundation reserves the right to make the final decision regarding distributions from the Fund.

Note H - Endowment

Endowment Overview

The Organization endowment consists of an investment account and a portion of the cash balance established for future Board projects. The endowment includes only funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions, of which none exist currently.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to produce reasonable return while assuring a moderate level of investment risk. The Organization expects its endowment fund, over time, to provide an average rate of return greater than 5 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy their long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Endowment assets are placed in the Mother's Refuge Endowment Fund at the Truman Heartland Community Foundation.

Mother's Refuge
Notes to Financial Statements
September 30, 2011

Note H - Endowment (Continued)

At September 30, 2011 unrestricted net assets were designated by the Board as follows:

Endowments:	
Future Board Projects	\$ 7,863

Composition of and changes in endowment net assets for the year ended September 30, 2011 was as follows:

Board-designated endowment net assets, beginning of year:	\$ 8,182
Investment income	283
Net appreciation (depreciation)	(352)
Administrative fees	(250)
Board-designated endowment net assets, end of year	\$ 7,863

Note I - Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy are described as follows:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date.
- Level 2: Directly or indirectly observable inputs as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities that are valued using models or other pricing methodologies that do not require significant judgment since the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data from actively quoted markets for substantially the full term of the financial instrument.
- Level 3: Unobservable inputs that are supported by little or no market activity and reflect the use of significant management judgment.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used needed to maximize the use of observable inputs and minimize the unobservable inputs.

**Mother's Refuge
Notes to Financial Statements
September 30, 2011**

Note I - Fair Value Measurements (Continued)

Following is a description of the asset methodologies used for assets measured at fair value:

Beneficial interest in assets held by Community Foundation: Valued at contract value, which approximates fair value. Contract value represents contributions made under the contract, plus investment income and appreciation (depreciation), less withdrawals and administrative expenses.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2011.

	Assets at Fair Value as of September 30, 2011			Total
	Level 1	Level 2	Level 3	
Beneficial interest in assets held by Community Foundation	\$ -	\$ -	\$ 94,130	\$ 94,130

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets for the year ended September 30, 2011:

	Year Ended September 30, 2011 Beneficial Interest in Assets Held by Community Foundation
Balance, beginning of year	\$ 93,669
Investment income	1,920
Capital (losses) gains	(352)
Administrative fees	(1,107)
Total Assets at Fair Value	\$ 94,130

Note J - Concentration

Approximately 19% of the Organization's revenue was received from the Missouri Department of Social Services. If this organization terminated its relationship with the Organization, the operations of Mother's Refuge would change significantly.

Note K - Subsequent Events

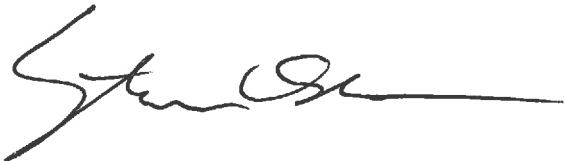
Management has evaluated subsequent events through January 19, 2012, the date which the financial statements were available for issue.

SUPPLEMENTAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Directors of
Mother's Refuge

I have audited the financial statements of Mother's Refuge as of and for the year ended September 30, 2011, and have issued my report thereon dated January 19, 2012, which contained an unqualified opinion on those financial statements. My audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Contributions, Grants and Other Support is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



North Kansas City, Missouri
January 19, 2012

Mother's Refuge
Schedule of Contributions, Grants and Other Support
Year Ended September 30, 2011

Missouri Department of Social Services	\$ 80,405
United Way	2,650
Combined Federal Campaign	2,601
Faith based organizations	18,900
Jackson County, Missouri	44,201
City of Independence, Missouri	14,012
Individuals	109,028
Corporations and other businesses	28,399
Foundations	72,617
State of Missouri	46,909
Total	<u>\$ 419,722</u>